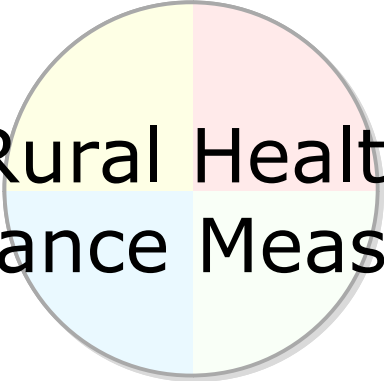


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# Rural Health Performance Measurement

Presented by:

Terry Hill  
Brian Haapala



## What is Performance Improvement and Measurement?



- What is it?
  - Systematic approach to quantifying and improving performance in
    - Finance
    - Clinical QI and Patient Safety
    - Human Resources/Workforce Effectiveness
    - Technologic Capability
    - Compliance
  - Primary focus is on conducting the business of a rural hospital using business concepts and skills
    - Close linkage to organizational strategic and business plans



## Performance & Quality Themes/Takeaways

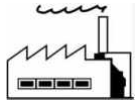
### Common Symptoms of Underperforming Small Rural Hospitals



**Lack of Transparency.** Board members, department managers and executive management team should have timely access to critical information.



**Limited Collaboration.** Front line managers and staff members should be viewed as colleagues who are in a unique position to provide tactical insight and strategic direction for the organization.



**Smokestack Mentality.** Departments should function in an integrated environment where performance assessment is not isolated.



**Lack of Empowerment.** Front line managers are a source of valuable business information but frequently are excluded from managerial decisions.



## Performance & Quality Themes/Takeaways

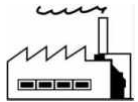
### Common Symptoms of Underperforming Small Rural Hospitals



Lack of Transparency.



Limited Collaboration.



Smokestack Mentality.

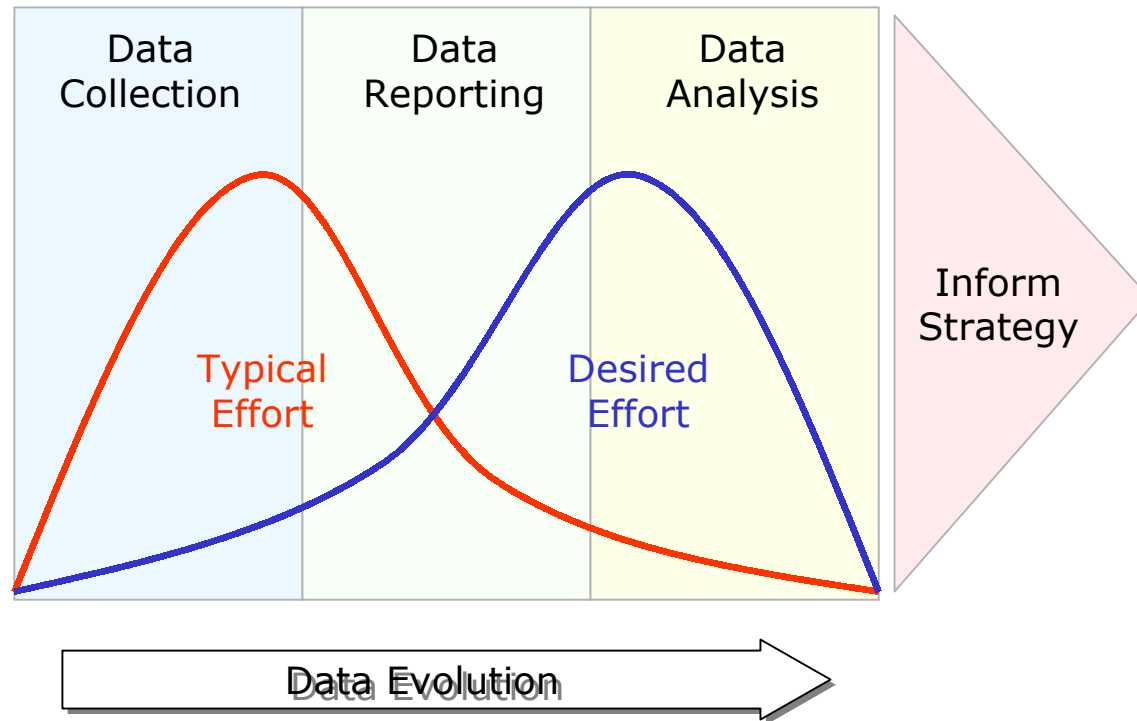


Lack of Empowerment.

A properly aligned **Performance Measurement System** has the ability to alleviate these symptoms and provide a platform for building cooperation among all participating small rural hospitals



### Performance & Quality Themes/Takeaways



- Hospitals make significant investments in collecting data for regulatory or accreditation purposes, which limits the value
- The goal is to push the *Effort Curve* to the right through increased staff competency, use of tools and automation of data collection



### What is Balanced Scorecard?

- A set of financial and non-financial measures relating to critical success factors
- Management tool that forms the foundation of a strategic management system
- Reporting mechanism
- Link to accountability
- Translation of strategic goals relevant to organizational focus



### Balance

- Between **External Measures** for Shareholders and Customers and **Internal Measures** of Critical Business Processes and Learning and Growth
- Between **Outcome Measures** – the results of Past Efforts – and **Driver Measures** – the Indicators of Future Performance



## Four Perspectives (Balanced)

1. Financial
2. Customer
3. Internal Business Processes
4. Learning and Growth





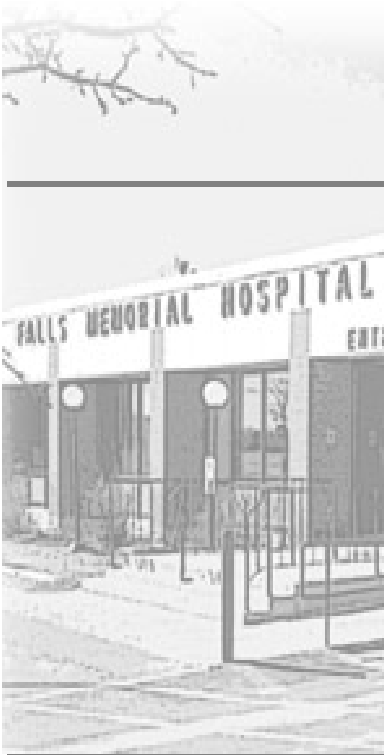
### Case Study: Falls Memorial Hospital, International Falls, MN



Falls Memorial Hospital was founded in the 1940s. The current 49 bed facility was built in the Fall of 1977 and is staffed with 112 employees. ADC = 7.



## Case Study: Falls Memorial Hospital, International Falls, MN



### FMH Background ☐

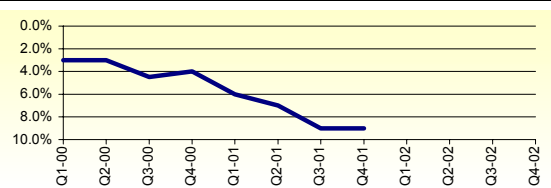
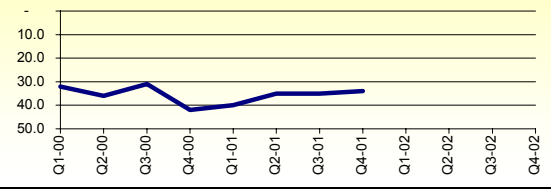
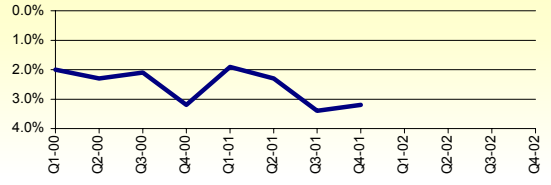
- 100 miles from secondary center and 165 miles from tertiary center
- 1998
  - Imminent financial collapse (5 days cash on hand)
  - Age of plant 21 years
  - ADC ~ 3.5
  - New management team
- 1999
  - Developed 3 year Strategic Plan
  - Developed FY2000 Initiatives
  - Developed Management Action Plan
  - Attended “balanced scorecard” training



# Rural Health Performance Measurement

## Case Study: Falls Memorial Hospital, International Falls, MN

### PATIENTS AND COMMUNITY

Patient Satisfaction: % Recommend	85%	93%	GOAL - At least 88% of inpatients and outpatients would recommend hospital based on their experience; Specify factors that contributed to performance.	
% Claims Denied: Medical Necessity	9.0%	7.8%	GOAL - 6.5% or fewer of claims based on charges; Specify factors that contributed to performance.	
ER/Urgent Care Wait Times	34	36	GOAL - 35 minutes or fewer from registration to physician exam ; Specify factors that contributed to performance.	
Unplanned Returns to the ER	3.2%	2.7%	GOAL - 5% or fewer ER visits result in an unplanned visit to the ER; Specify factors that contributed to performance.	

Narrative

Performance Measures

Status Indicators

Data Trending



# Rural Health Performance Measurement

## Case Study: Falls Memorial Hospital, International Falls, MN

Narrative



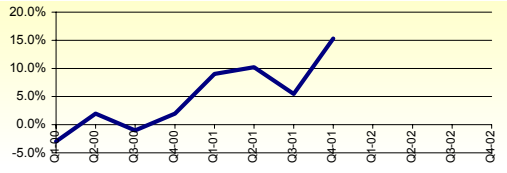
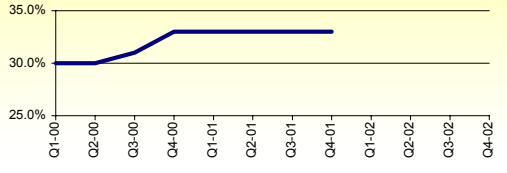
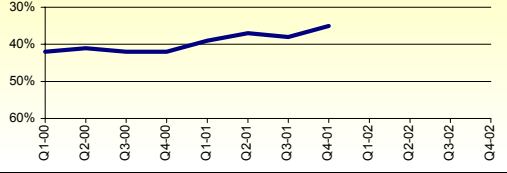
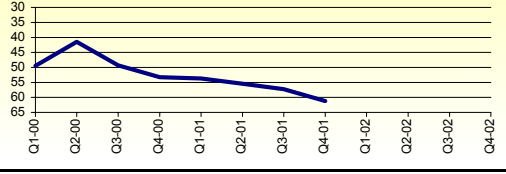
### BUSINESS AND DEVELOPMENT

Q4-01

Year End 2001

### Detail

### Trending

Net Revenue Increase over Prior Year	15.3%	10.0%	GOAL -11% or more growth in net patient revenue measured against prior year; Specify factors that contributed to performance.	
Payor Mix: % Third Party (Non-Government)	33.0%	33.0%	GOAL - 48% or more gross revenue is from third party (non-governmental) payors; Specify factors that contributed to performance.	
Salaries as % of Net Revenue	35.0%	37.3%	GOAL - 35% or less of expenses are for salaries ; Specify factors that contributed to performance.	
Net Days in AR	61.20	56.88	GOAL - 65 days or fewer for hospital to collect revenue ; Specify factors that contributed to performance.	

Performance Measures



Status Indicators



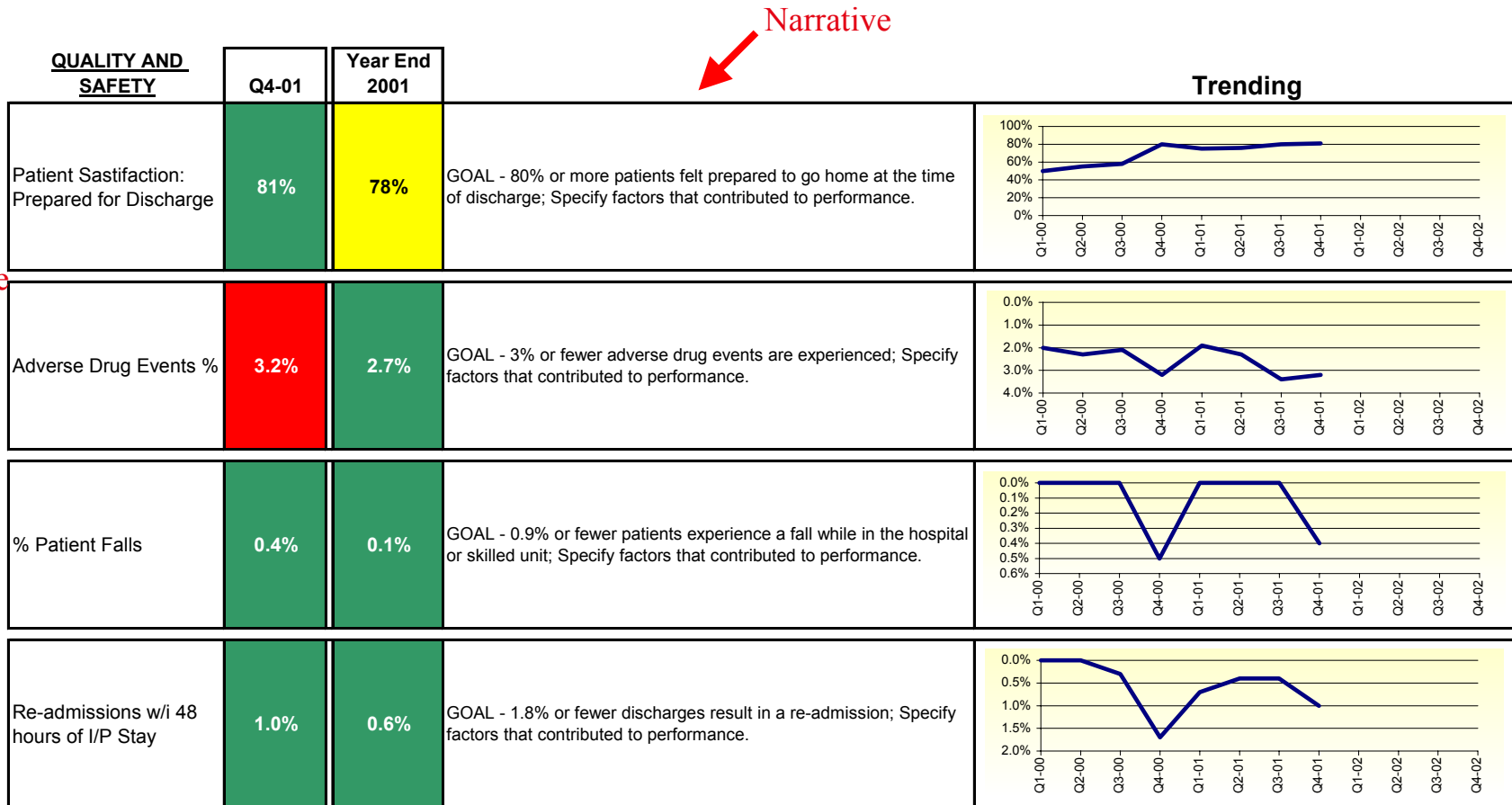
Data Trending





# Rural Health Performance Measurement

## Case Study: Falls Memorial Hospital, International Falls, MN



Narrative

Trending

Performance Measures

Status Indicators

Data Trending



# Rural Health Performance Measurement

## Case Study: Falls Memorial Hospital, International Falls, MN

### STAFF AND CLINICIANS

Managers Attendance at Department Manager Weekly Meetings	74%	81%	GOAL - 50% or greater attendance of department managers at weekly meetings; Specify factors that contributed to performance.	
Physician Satisfaction: Responsiveness to Needs	4.30	4.33	GOAL - 3.5 scoring of physicians ranking the hospital's responsiveness to their needs/concerns (scale of 1-5); Specify factors that contributed to performance.	
Training Dollars per FTE	\$ 28.00	\$ 24.50	GOAL - \$17.64 of training dollars spent per FTE per quarter; Specify factors that contributed to performance.	
Staff Turnover	3.2%	2.7%	GOAL - 5.5% or less employee turnover; Specify factors that contributed to performance.	

Narrative



Performance Measures



Status Indicators

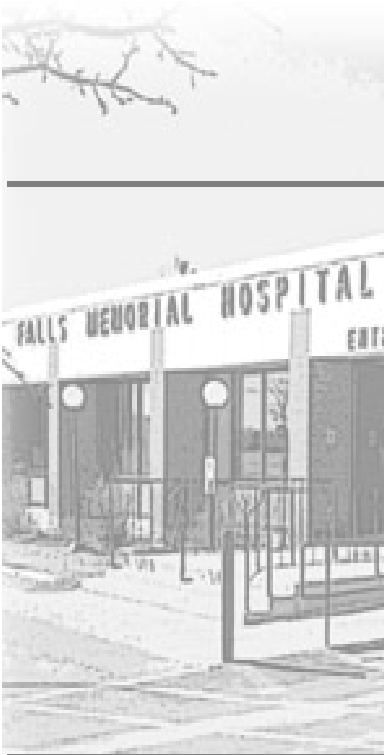


Data Trending





## Case Study: Falls Memorial Hospital, International Falls, MN



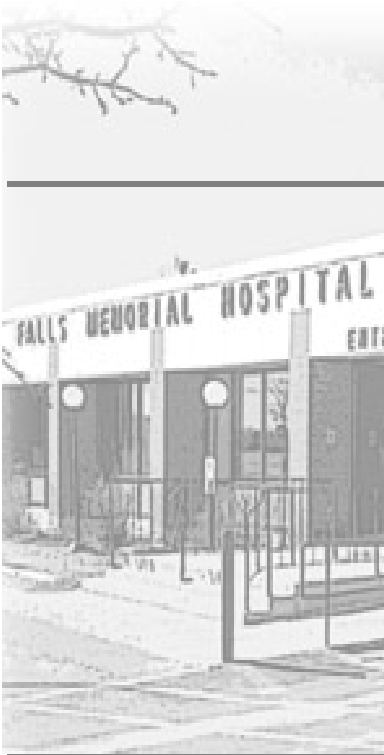
### FMH Use of Balanced Scorecard ☐

Common denominator for:

- Board
- Administration
- Medical Staff
- Department Managers
- All Staff Meetings
- New Employee Orientation



## Case Study: Falls Memorial Hospital, International Falls, MN



### FMH Outcomes ☐

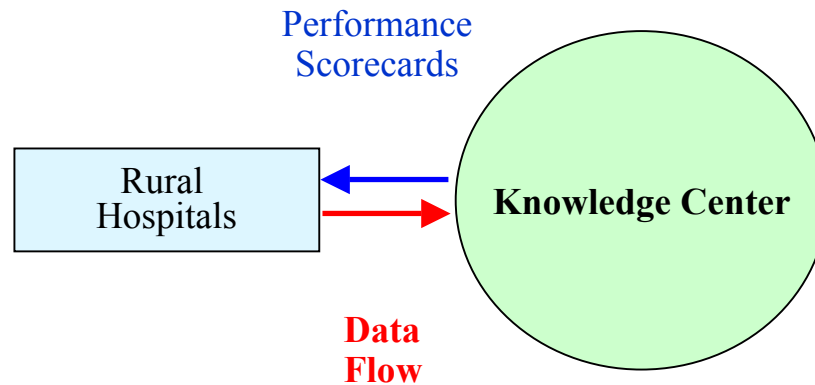
- Before
  - 5 days cash on hand
  - Age of plant 21 years
  - ADC ~ 3.5
  - Negative margin
- After
  - 45 days cash on hand
  - Age of plant 7 years
  - ADC ~ 10
  - Overall margin = 8.5%
  - Net revenue increase over prior year = 14%



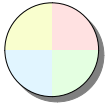


## Rural Health Knowledge Center

Best practices from the knowledge center drives strategic performance improvement



Data from the rural hospitals fuels the engine



# Rural Health Performance Measurement

## Defining Performance Measures

The result is a draft minimum data set of **rural health care specific core performance measures** that allows for comparison of key data elements across participating organizations

### Quality & Safety

- % ER patient triaged within 15 minutes of arrival
- Unplanned admit rate after OP surgery/procedure
- Number of Falls as a % Patient Day
- % of ER patients receiving written discharge instructions
- Unplanned returns to OR
- # Evidence Based Best Clinical Practice Guidelines in use
- Time between transfer order and actual discharge:ER, OP, IP
- Hospital supports non-punitive medication error reporting program
- % of staff reporting all medication errors
- Medication errors per dose
- Average length of stay for specified DRG's (CHF, Pneumonia & AMI)

### Staff & Clinicians

- Staff satisfaction
- Physician satisfaction
- % staff with competency evaluation within last year
- Staff turnover
- Training \$ per FTE
- Staff Productivity
- Hours of CME/CNE per FTE or Credentialed Provider

### Patients & Community

- ER wait less than 30 minutes to see provider
- Patient satisfaction: ER
- Patient satisfaction: IP
- Patient satisfaction: OP
- % of patients understanding discharge instructions
- % of patients who perceive adequate access to core needed services
- % of bills understood by patients
- % of patients who feel hospital core services are up to date

### Business & Development

- Claims denied as a % of gross charges
- Salary & Benefits as a % of Net Patient Revenue
- Average age of plant
- Average cost per adjusted discharge
- Days cash on hand
- Net revenue increase from prior period
- Net days in accounts receivable
- Payor mix (% Commercial)
- Total margin
- Debt/Equity ratio
- Bad debt as a % of net patient revenues



## Rural Health Knowledge Center

